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SUBJECT: TYMOSHENKO MULLS COALITION WITH REGIONS,
CONSTITUTIONAL CHANGES

Classified By: Ambassador William Taylor for reasons 1.4(b,d)

Summary

¶1. (C) In recent meetings, PM Tymoshenko told the Ambassador that her BYuT faction is in negotiations with Party of Regions over the possible creation of a broad new Rada coalition. Such a coalition, if it were to take shape, would work to change the constitution ahead of presidential elections to create a parliamentary republic with a weakened president elected in the Rada. Tymoshenko said the new constitution would also reset the current Rada convocation's five-year authority - pushing the next scheduled national election to 2014. Tymoshenko argued that such changes might be necessary to preserve Ukraine's western orientation and democratic development and that they would be transparent and constitutional. While Regions leaders, including oligarch and party financier Rinat Akhmetov, support a BYuT-Regions coalition, mistrust between the two political forces could well scuttle any potential deal. Tymoshenko said she was not convinced that joining with Regions was the best course, but that holding elections in the midst of an economic crisis might be worse. End Summary.

Tymoshenko Negotiating with Regions

¶2. (C) In an April 14 meeting with the Ambassador, and a follow up meeting on April 17 that included the British, French, and German Chiefs of Mission, PM Tymoshenko reported that she was "seriously considering" a broad coalition with Party of Regions, Speaker Lytvyn's bloc and a part of Our-Ukraine People's Self-Defense (OU-PSD), and that negotiations with Regions were ongoing. Tymoshenko offered two scenarios that she was contemplating. The first option would be to hold presidential elections as planned. The second option would entail uniting with Regions to create a parliamentary republic by changing the constitution ahead of the presidential election, currently scheduled for October 25. Tymoshenko said she was not convinced that joining with Regions was the best course, but said that she also worried that holding a presidential election in the middle of Ukraine's deep economic crisis could have devastating results for the country. According to Tymoshenko, the second option would "preserve Ukraine's democratic direction."

Presidential Elections Threaten Ukraine's Future?

¶3. (C) Regions head Viktor Yanukovich has a fifty percent chance of winning a national presidential election, said Tymoshenko. According to her, a Yanukovich presidency would threaten Ukraine's western direction and roll back Ukraine's political system by re-creating the powerful presidential system that the country had under Kuchma. Yanukovich would also further divide the country by making Russian a second state language, hold an immediate referendum on NATO to ensure its failure, and move to incorporate Ukraine into

Russia's "Single Economic Space."

¶4. (C) Tymoshenko told the Ambassador that she "does not fear" presidential elections, but she worried that protracted "war and court battles" during the election and vote counting could further divide the country. In a presidential campaign, Tymoshenko said, she would marshal all of her resources, including administrative and budget resources. She said that Regions, Yushchenko and Speaker Lytvyn were pushing in the Constitutional Court to change the election date to January so it would take place in the "heart of the economic crisis." A January election would make fraud easier, she said, because observers would lack enthusiasm due to the weather and holidays, many western Ukrainians would be abroad for the holidays, and voters would not be tuned in to election messages. She also lamented Russia's potential to influence a January election through manipulation of the natural gas market.

A Parliamentary Republic?

¶5. (C) Tymoshenko told the Ambassador that a deal with Regions to form a broad coalition in the Rada that would control a commanding 331 of 450 seats is possible. She said that the coalition would also include the Lytvyn bloc and the pro-coalition portion of OU-PSD - Lytvyn would remain Speaker and OU-PSD would retain some ministerial slots - or she would not make the deal. Tymoshenko reported that her faction and Regions are in "intense negotiations" over both the coalition agreement and the constitutional amendments that the coalition would enact.

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¶6. (C) According to Tymoshenko, a BYuT-Regions coalition would pursue constitutional changes that would make Ukraine a parliamentary republic. Tymoshenko argued that the constitutional changes would end the structural problems between the president and prime minister by delineating the authority of each, and would "guarantee and preserve" Ukraine's strategic focus on the west. The changes would strengthen the prime ministerial post and create a more ceremonial presidency that would be elected in the Rada rather than by popular vote - a process that she predicted would be "calming" for Ukraine when 350 to 400 MPs united to elect a president. Tymoshenko also said that with the new constitution, the Rada's five-year term would be reset. As such, the next scheduled national election would be Rada elections in 2014.

Constitutional Transition

¶7. (C) Tymoshenko told the Ambassador that she had offered "lots of carrots" to Yanukovych in their coalition negotiations. On April 20, Yanukovych announced that he would consider joining forces with Tymoshenko only if "strict conditions" were met. The constitutional changes that Tymoshenko described included a 10-year transition period in which the presidency would retain a higher level of authority, including the right to nominate the defense and foreign minister, after which the president's authority would be minimal. Tymoshenko intimated that the Rada would elect Yanukovych as President. The presidency would lose its authority to issue decrees, to appoint governors, and to veto laws. The National Security and Defense Council (NSDC) would also be weakened, and would only operate in times of emergency.

Changes to be "Transparent and Constitutional"

¶8. (C) Many "Orange" supporters would be unhappy to see a BYuT-Regions coalition, Tymoshenko said, but she was willing to "take that hit." She also expressed hope that

international observers, including the United States, would understand the "essence" of Ukraine's problems and support her actions. However, she also told the Ambassador that she "dislikes" that these steps have become necessary and "is not trying to sell anyone on it." She stressed to the Ambassador that, if they decided to make a deal with Regions, the process of creating a parliamentary republic would be done "transparently and constitutionally."

Some Key Regions Leaders On Board

¶9. (C) Tymoshenko said that, while Yanukovych is not yet convinced to join with BYuT, many on his team want to see the two political forces unite. Regions deputy faction head Boris Kolesnikov, a close ally of billionaire industrialist MP and Regions financier Rinat Akhmetov, told us that a majority of Regions deputies are on board, but there remain holdouts who would rather see early Rada elections, which are currently not scheduled nor likely. Kolesnikov said that Akhmetov supported the potential coalition, a reversal of his earlier anti-Tymoshenko position, but that the negotiations remain difficult, and Yanukovych remains skeptical. Kolesnikov gave the potential coalition a fifty percent chance of succeeding.

Kravchuk Supportive

¶10. (C) On April 16, former President Leonid Kravchuk told the Ambassador that the broad coalition and constitutional changes described by Tymoshenko were the "only right way" for Ukraine to overcome the economic and political crises. Kravchuk argued that a presidential election in the fall would not solve anything, but a broad coalition would. In addition to unifying the political forces, Kravchuk said that the coalition could also achieve meaningful land reform, judicial reform and local administrative reform, adding that the legislation is prepared, but politics has prevented the tough reforms. If BYuT and Regions unite, said Kravchuk, "pragmatism will replace politics."

Lack of Trust May Scuttle Deal

¶11. (C) Tymoshenko told the Ambassador she still was not convinced that the two groups could cooperate. Regions MP Vladimir Makeienko told us that, while there is support for a pairing with BYuT in Regions, there is likely not enough

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trust between the two political forces to conclude an agreement. BYuT and Regions would have to honor their agreement "for months, not days," said Makeienko, as the process to change the constitution would extend over two Rada sessions, and could only be concluded at the start of the next Rada session in September. Ultimately, it is a business decision for Regions, said Makeienko, and so would be decided based on how such an agreement would affect Regions-related business interests.

¶12. (C) BYuT MP Valeriy Pysarenko told us that he, and many within his BYuT faction, could work with Regions. He noted that the approximately ten days that Regions and BYuT worked together in the Rada in September 2008 were some of the most productive days he has spent in the session hall. He said that the timing is difficult, however. If the deal falls apart and national elections take place, Tymoshenko would be more vulnerable as some supporters would feel "betrayed" yet again by Tymoshenko's work with Regions. He surmised that constitutional changes would not happen before the New Year. It is too close to the election to work too closely with Regions, and working with Regions is the only way to change the constitution. OU-PSD deputy faction head Borys Tarasyuk told us that BYuT and Regions had been negotiating "for more than a year" and the coalition had "little chance" to

succeed. He added that his OU-PSD faction colleagues would be unlikely to join any such coalition.

Comment

¶13. (C) Tymoshenko's plan will appear to many to be less about saving Ukraine and more about her political survival in the face of falling ratings. A change to make the president elected by the Rada, set up Yanukovych as president and Tymoshenko as a strengthened PM, and extend the Rada term to 2014 would meet resistance as it could postpone any national election for five years. BYuT and Regions have been negotiating on and off for many months - since before the two factions voted together in early September 2008. Thus far, they have been unable to conclude a deal. Akhmetov's supposed support for the pairing is notable - he fought against a BYuT-Regions coalition last fall. Ultimately, there are many obstacles to the formation of a BYuT-Regions coalition - distrust chief among them. Even if it were to form, mutual distrust could undermine it -- and Tymoshenko's notion of a long and stable period without elections -- at any moment.

TAYLOR